

(5) The results of such investigations shall be documented in writing and maintained.

(o) Table games accounting/auditing procedures.

(1) The accounting and auditing procedures shall be performed by personnel who are independent of the transactions being audited/accounted for.

(2) If a table game has the capability to determine drop (e.g., bill-in/coin-drop meters, bill validator, computerized record, etc.) the dollar amount of the drop shall be reconciled to the actual drop by shift.

(3) Accounting/auditing employees shall review exception reports for all computerized table games systems at least monthly for propriety of transactions and unusual occurrences.

(4) All noted improper transactions or unusual occurrences shall be investigated with the results documented.

(5) Evidence of table games auditing procedures and any follow-up performed shall be maintained and be available upon request by the Commission.

(6) A daily recap shall be prepared for the day and month-to-date which shall include the following information:

- (i) Pit credit issues;
- (ii) Pit credit payments in chips;
- (iii) Pit credit payments in cash;
- (iv) Drop;
- (v) Win; and
- (vi) Gross revenue.

(p) For any computer applications utilized, alternate documentation and/or procedures which provide at least the level of control described by the standards in this section will be acceptable.

§ 542.12 What are the minimum internal control standards for gaming machines?

(a) When a standard in this section requires a minimum of three employees to perform a function or be present during one, Tier A and Tier B gaming operations may require only two employees to be present.

(b) For this section only, credit or customer credit means a unit of value equivalent to cash or cash equivalents deposited, wagered, won, lost or redeemed by a patron.

(c) Coins shall include tokens.

(d) Coin drop standards. (1) A minimum of three employees shall be involved in the removal of the gaming machine drop, at least one of whom is independent of the gaming machine department.

(2) Count room personnel shall not be allowed to exit or enter the count room during the count except for emergencies or scheduled breaks. At no time when uncounted funds are present shall there be less than three (3) persons in the count room.

(3) Each gaming operation shall maintain on file the time when the drop buckets and bill acceptor canisters will be removed and the time when the contents are to be counted.

(4) All drop buckets or canisters shall be removed only at the time previously designated except for emergency drops.

(5) The gaming machine drop supervisor shall notify surveillance when the drop is to begin in order that surveillance may monitor the activities.

(6) Surveillance shall record in a proper log or journal in a legible manner any exceptions or variations to established procedures observed during the drop. Such log or journal shall be made available for review to authorized persons only.

(7) Security shall be provided over the buckets removed from the gaming machine drop cabinets prior to being transported to the count room.

(8) As each machine is opened, the contents shall be tagged with its respective machine number if the bucket is not permanently marked with the machine number. The contents shall be transported directly to the area designated for the counting of such monies. If more than one trip is required to remove the contents of the machines, the filled carts of coins shall be securely locked in the room designed for counting. There shall be a locked covering on any carts in which the drop route includes passage out of doors.

(9) Each drop bucket in use shall be:

(i) Housed in a locked compartment separate from any other compartment of the gaming machine and keyed differently than other gaming machine compartments; and

(ii) Identifiable to the gaming machine from which it is removed (i.e.,

permanently marked with the gaming machine I.D. number, or bar coded labels, printed tags, etc.). If the gaming machine is identified with a removable tag which is placed in the bucket, the tag shall be placed on top of the bucket when it is collected.

(10) Each gaming machine shall have drop buckets into which coins or tokens that are retained by the gaming machine are collected. Drop bucket contents shall not be used to make change or pay hand-paid payouts.

(11) The collection procedures may include procedures for dropping gaming machines which have trays instead of drop buckets.

(e) Equipment standards. (1) A weigh scale calibration module shall be secured so as to prevent unauthorized access (e.g., prenumbered seal, lock and key, etc.).

(2) Someone independent of the cage, vault, gaming machine, and count team functions shall be required to be present whenever the calibration module is accessed.

(3) Such access shall be documented and maintained.

(4) If a weigh scale interface is used, it shall be adequately restricted so as to prevent unauthorized access (passwords, keys, etc.).

(5) If the weigh scale has a zero adjustment mechanism, it shall be physically limited to minor adjustments (e.g., weight of a bucket) or physically situated such that any unnecessary adjustments to it during the weigh process would be observed by other count team members.

(6) The weigh scale and weigh scale interface (if applicable) shall be tested by someone who is independent of the cage, vault and gaming machine departments and count team at least quarterly. At least semi-annually, this test shall be performed by internal audit in accordance with the internal audit standards. The result of these tests shall be documented and signed by the person(s) performing the test.

(7) During the gaming machine count, at least two employees shall verify the accuracy of the weigh scale with varying weights or with varying amounts of previously counted coin for each denomination to ensure the scale

is properly calibrated (varying weights/coin from drop to drop is acceptable).

(8) If a mechanical coin counter is used (instead of a weigh scale), the gaming operation shall establish and comply with procedures that are equivalent to those described in paragraphs (c)(7), (c)(8), and (c)(9) of this section.

(9) If a coin meter count machine is used, the count team member shall record the machine number denomination and number of coins in ink on a source document, unless the meter machine automatically records such information.

(f) Gaming machine count and wrap standards.

(1) The weigh/count shall be performed by a minimum of three employees.

(2) At no time during the weigh/count shall there be fewer than three employees in the count room.

(3) The gaming machine count team shall be independent of the gaming machine department and the subsequent accountability of gaming machine count proceeds, unless they are non-supervisory gaming machine employees and perform the laborer function only. (A non-supervisory gaming machine employee is defined as a person below the level of gaming machine shift supervisor.)

(4) The following functions shall be performed in the counting of the gaming machine drop:

(i) Recorder function which involves the recording of the gaming machine count;

(ii) Count team supervisor function which involves the control of the gaming machine weigh and wrap process.

(5) The amount of the gaming machine drop from each machine shall be recorded in ink on a gaming machine count document by the recorder or mechanically printed by the weigh scale. If a weigh scale interface is used, the gaming machine drop figures are transferred via direct line or computer storage media.

(6) The recorder and at least one other count team member shall sign the weigh tape and the gaming machine count document attesting to the accuracy of the weigh/count.

(7) At least three employees who participate in the weigh/count and/or wrap

process shall sign the gaming machine count document or a summary report to attest to their presence. If all other count team members do not sign the gaming machine count document or a summary report, they shall sign a supplemental document evidencing their participation in the weigh/count and/or wrap.

(8) The coins shall be wrapped and reconciled in a manner which precludes the commingling of gaming machine drop coin with coin (for each denomination) from the next gaming machine drop.

(9) At least two employees shall be present throughout the wrapping of the gaming machine drop.

(10) If the gaming machine count is conducted with a continuous mechanical count meter which is not reset during the count and is verified in writing by at least three employees at the start and end of each nomination count, then one employee may perform the wrap.

(11) The coins shall be wrapped immediately after being weighed or counted. As the coin is being wrapped, it shall be maintained in such a manner so as to be able to obtain an accurate count when the wrap is completed. At the completion of the wrap, a count team member shall independently count the wrap and reconcile it with the weigh/meter count.

(12) If the coins are transported off the property, a second (alternative) count procedure shall be performed before the coins leave the property. Any variances shall be documented.

(13) Transfers out of the count room during the gaming machine count and wrap process shall be strictly prohibited, or if transfers are permitted during the count and wrap, each transfer shall be recorded on a separate multipart form with a preprinted or concurrently-printed form number (used solely for gaming machine count transfers) which shall be subsequently reconciled by the accounting department to ensure the accuracy of the reconciled wrapped gaming machine drop. If transfers are permitted, they must be counted and signed for by at least two members of the count team and by someone independent of the count

team who is responsible for authorizing the transfer.

(14) If the count room serves as a coin room and coin room inventory is not secured so as to preclude access by the count team, then the following two standards shall apply:

(i) At the commencement of the gaming machine count the following requirements shall be met:

(A) The coin room inventory shall be counted by at least two employees, one of whom is a member of the count team and the other is independent of the weigh/count and wrap procedures;

(B) The count in paragraph (f)(14)(i)(A) of this section shall be recorded on an appropriate inventory form;

(ii) Upon completion of the wrap of the gaming machine drop:

(A) At least two members of the count team (wrap team), independently from each other, shall count the ending coin room inventory;

(B) The counts in paragraph (f)(14)(ii)(A) of this section shall be recorded on a summary report(s) which evidences the calculation of the final wrap by subtracting the beginning inventory from the sum of the ending inventory and transfers in and out of the coin room;

(C) The same count team members shall compare the calculated wrap to the weigh/count, recording the comparison and noting any variances on the summary report;

(D) A member of the cage/vault department shall count the ending coin room inventory by denomination and shall reconcile it to the beginning inventory, wrap, transfers and weigh/count; and

(E) At the conclusion of the reconciliation, at least two count/wrap team members and the verifying employee shall sign the summary report(s) attesting to its accuracy.

(15) For Tier A and B gaming operations the functions described in paragraph (f)(14)(ii)(A) and (C) of this section may be performed by only one count team member. That count team member must then sign the summary report, along with the verifying employee, as required under paragraph (f)(14)(ii)(E).

(16) If the count room is segregated from the coin room, or if the coin room

is used as a count room and the coin room inventory is secured to preclude access by the count team, all of the following requirements shall be completed, at the conclusion of the count:

(i) At least two members of the count/wrap team shall count the final wrapped gaming machine drop independently from each other;

(ii) The counts shall be recorded on a summary report;

(iii) The same count team members (or the accounting department) shall compare the final wrap to the weigh/count, recording the comparison and noting any variances on the summary report;

(iv) A member of the cage/vault department shall count the wrapped gaming machine drop by denomination and reconcile it to the weigh/count;

(v) At the conclusion of the reconciliation, at least two count team members and the cage/vault employee shall sign the summary report attesting to its accuracy; and

(vi) The wrapped coins (exclusive of proper transfers) shall be transported to the cage, vault or coin vault after the reconciliation of the weigh/count to the wrap.

(17) Large (by denomination, either \$1,000 or 2% of the drop, whichever is less) or unusual (e.g., zero for weigh count or patterned for all counts) variances between the weigh/count and wrap shall be investigated by management personnel independent of the gaming machine department, count team and the cage/vault functions on a timely basis.

(18) The results of such investigation shall be documented and maintained.

(19) All gaming machine count and wrap documentation, including any applicable computer storage media, shall be immediately delivered to the accounting department by other than the cashier's department. Alternatively, it may be adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved by the accounting department.

(20) If applicable, the weight shall be converted to dollar amounts prior to the reconciliation of the weigh to the wrap.

(21) A count team member shall test the metered count machine (if used)

prior to the actual count to ascertain if the metering device is functioning properly with a predetermined number of coins for each denomination.

(22) If a coin meter is used, a count team member shall convert the coin count for each denomination into dollars and shall enter the results on a summary sheet.

(23) Immediately upon receiving the funds, an independent person shall count the gaming machine drop by denomination and shall sign the count sheet attesting to the accuracy of the total and the denominations of the funds received.

(24) After the weigh/wrap count has been completed, the count/wrap amount shall be posted to cage accountability.

(25) Gaming machine analysis reports, which compare actual hold to theoretical hold by gaming machine shall be prepared on at least a monthly basis.

(26) Such reports shall provide all data on both month-to-date and year-to-date bases.

(27) The gaming machine hopper loads and coin in the drop cabinet shall be secured and accounted for during the removal and maintenance of gaming machines.

(28) Cashier/change banks shall be counted and reconciled for each shift.

(29) Corrections on gaming machine count documentation shall be made by crossing out the error, entering the correct figure, and then obtaining the initials of at least two count team employees. If a weigh scale interface is used, corrections to gaming machine count data shall be made using either of the following:

(i) Crossing out the error on the gaming machine document, entering the correct figure, and then obtaining the initials of at least two count team employees. If this procedure is used, an employee independent of the gaming machine department and count team shall enter the correct figure into the computer system prior to the generation of related gaming machine reports; or

(ii) During the count process, correct the error in the computer system and enter the passwords of at least two

count team employees. If this procedure is used, an exception report shall be generated by the computer system identifying the gaming machine number, the error, the correction and the count team employees attesting to the correction.

(g) Currency acceptor drop and count standards. (1) Tier A gaming operations may be exempt from compliance with this section if the gaming operations develop and comply with procedures that shall protect the integrity of the drop and count.

(2) The currency acceptor drop boxes shall be removed by an employee independent of the gaming machine department then transported directly to the soft count room or other similarly restricted location and locked in a secure manner until the count takes place.

(3) The transporting of currency acceptor drop boxes shall be performed by a minimum of two employees at least one of whom is independent of the gaming machine department.

(4) The currency acceptor count shall be performed in a soft count room or equivalently secure area with comparable controls.

(5) The currency acceptor count shall be performed by a minimum of three employees.

(6) Currency acceptor count team members shall be rotated on a routine basis such that the count team is not consistently the same three individuals more than four days per week.

(7) For Tier B gaming operations a minimum of two persons may perform the count provided the count is viewed either live or on videotape within seven days by an employee independent of the count.

(8) The currency acceptor count team shall be independent of transactions being reviewed and counted and the subsequent accountability of currency drop proceeds.

(9) A cage cashier may be used if this person is not allowed to perform the recording function. An accounting representative may be used if there is an independent audit of all currency acceptor count documentation.

(10) The currency acceptor drop boxes shall be individually emptied and counted in such a manner as to prevent the commingling of funds between

boxes until the count of the box has been recorded.

(11) The count of each box shall be recorded in ink or other permanent form of recordation.

(12) If currency counters are utilized and the count room table is used only to empty boxes and sort/stack contents, a count team member shall be able to witness the loading and unloading of all currency at the currency counter, including rejected currency.

(13) Drop boxes, when empty, shall be shown to another member of the count team, to another person who is observing the count, or to recorded or live surveillance, provided the count is monitored in its entirety by someone independent of the count.

(14) Corrections to information originally recorded by the count team on currency acceptor count documentation shall be made by crossing out the error, entering the correct figure, and then obtaining the initials of at least two count team members who verified the change.

(15) The count sheet shall be reconciled to the total drop by a count team member who shall not function as the sole recorder.

(16) All members of the count team shall attest by signature to the accuracy of the currency acceptor drop count. Three verifying signatures on the count sheet shall be adequate if all additional count team employees sign a supplemental document evidencing their involvement in the count process.

(17) All monies that were counted shall be turned over to the cage cashier (who is independent of the count team) or to an employee independent of the revenue generation and the count process for verification.

(18) The employee shall certify by signature as to the accuracy of the currency delivered and received.

(19) Access to stored full drop boxes shall be restricted to authorized members of the drop and count teams.

(20) Access to the count room shall be restricted to members of the drop and count teams, excluding authorized observers, supervisors for resolution of problems, and authorized maintenance personnel.

(21) The count sheet, with all supporting documents, shall be promptly

delivered to the accounting department by a count team member or someone other than the cashiers department. Alternatively, it may be adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved by the accounting department.

(h) Jackpot payouts, gaming machine fills, short pays and accumulated credit payouts standards.

(1) For jackpot payouts and gaming machine fills, documentation shall include the following information:

- (i) Date and time;
- (ii) Machine number;
- (iii) Dollar amount of cash payout or gaming machine fill (both alpha and numeric), or description of personal property awarded; alpha is optional if another unalterable method is used for evidencing the amount of the payout;
- (iv) Game outcome (including reel symbols, card values and suits, etc.) for jackpot payouts;
- (v) Signatures of at least two employees verifying and witnessing the payout or gaming machine fill; however, on graveyard shifts (eight-hour maximum) payouts/fills less than \$100 can be made without the payout/fill being witnessed if the second person signing can reasonably verify that a payout/fill is justified; and
- (vi) Preprinted or concurrently-printed sequential number.

(2) Jackpot payouts over a predetermined amount shall require the signature and verification of a supervisory or management employee independent of the gaming machine department. This predetermined amount shall be authorized by management, documented, and maintained.

(3) For short pays of \$10.00 or more, the jackpot payout form includes:

- (i) Date and time;
 - (ii) Machine number;
 - (iii) Dollar amount of payout (both alpha and numeric); and
 - (iv) Signatures of at least two employees verifying and witnessing the payout.
- (4) Short pays involving a single token in a denomination higher than \$10.00 may be handled without the documentation required in paragraph (h) (3) of this section.

(5) Computerized jackpot/fill systems shall be restricted so as to prevent unauthorized access and fraudulent payouts by one individual.

(6) Payout forms shall be controlled and routed in a manner that precludes any one individual from producing a fraudulent payout by forging signatures or by altering the amount paid out subsequent to the payout and misappropriating the funds.

(i) If a gaming operation offers promotional payouts and awards, the payout form/documentation includes the following information:

- (1) Date and time;
 - (2) Machine number and denomination;
 - (3) Dollar amount of payout or description of personal property (e.g., jacket, toaster, car, etc.);
 - (4) Type of promotion (e.g., double jackpots, four-of-a-kind bonus, etc.); and
 - (5) Signature of at least one employee authorizing and completing the transaction.
- (j) Gaming machine department funds standards.

(1) The gaming machine booths and change banks, which are active during the shift, shall be counted down and reconciled each shift utilizing appropriate accountability documentation.

(2) The wrapping of loose gaming machine booth and cage cashier coin shall be performed at a time or location that does not interfere with the hard count/wrap process or the accountability of that process.

(3) A record shall be maintained evidencing the transfers of wrapped and unwrapped coins and retained for 7 days.

(k) EPROM standards. (1) At least annually, procedures shall be performed to insure the integrity of a sample of gaming machine game program EPROMs by personnel independent of the gaming operation or the machines being tested.

(2) EPROM control standards.

(i) Procedures shall be developed and implemented for the following:

(A) Removal of EPROMs from devices, the verification of the existence of errors as applicable, and the correction via duplication from the master game program EPROM;

(B) Copying one gaming device program to another approved program;

(C) Verification of duplicated EPROMs prior to being offered for play;

(D) Destruction, as needed, of EPROMs with electrical failures; and

(E) Securing the EPROM duplicator and master game EPROMs from unrestricted access.

(ii) The master game program number, par percentage, and the pay table shall be verified to the par sheet when initially received from the manufacturer.

(iii) Gaming machines with potential jackpots in excess of \$100,000 shall have the circuit boards locked or physically sealed. The lock or seal shall necessitate the presence of an individual independent of the gaming machine department to access the device game program EPROM. If a seal is used to secure the board to the frame of the gaming device, it shall be pre-numbered.

(iv) Records which document the procedures in paragraph (k) (2) (i) of this section shall include the following information:

(A) Date;

(B) Machine number (source and destination);

(C) Manufacturer;

(D) Program number;

(E) Personnel involved;

(F) Reason for duplication;

(G) Disposition of any permanently removed EPROM;

(H) Seal numbers, if applicable; and

(I) Approved testing lab approval numbers, if available.

(3) EPROMS returned to gaming devices shall be labeled and shall include the date program number, information identical to that shown on the manufacturer's label, and initials of the individual replacing the EPROM.

(l) Standards for evaluating theoretical and actual hold percentages.

(1) Accurate and current theoretical hold worksheets shall be maintained for each gaming machine.

(2) For those gaming machines or groups of identical machines (excluding multi-game machines) with differences in theoretical payback percentage exceeding a 4% spread between the minimum and maximum theoretical payback, an employee or de-

partment independent from the gaming machine department shall:

(i) On a quarterly basis, record the meters that contain the number of plays by wager (i.e., one coin, two coins, etc.);

(ii) On an annual basis, calculate the theoretical hold percentage based on the distribution of plays by wager type;

(iii) On an annual basis, adjust the machine(s) theoretical hold percentage in the gaming machine statistical report to reflect this revised percentage.

(3) For multi-game machines, an employee or department independent of the gaming machine department shall:

(i) Weekly record the total coin-in meter;

(ii) Quarterly record the coin-in meters for each game contained in the machine;

(iii) On an annual basis adjust the theoretical hold percentage to a weighted average based upon the ratio of coin-in for each game.

(4) The adjusted theoretical hold percentage for multi-game machines may be combined for machines with exactly the same game mix throughout the year.

(5) The theoretical hold percentages used in the slot analysis reports should be within the performance standards set by the manufacturer.

(6) Records shall be maintained for each machine which indicate the dates and type of changes made and the recalculation of theoretical hold as a result of the changes.

(7) Records shall be maintained for each machine which indicate the date the machine was placed into service, the date the machine was removed from operation, the date the machine was placed back into operation, and any changes in machine numbers and designations.

(8) All of the gaming machines shall contain functioning meters which shall record coin-in or credit-in.

(9) All gaming machines with currency acceptors shall contain functioning bill-in meters which record the dollar amounts or number of bills accepted by denomination.

(10) Gaming machine in-meter readings shall be recorded at least weekly

(monthly for Tier A gaming operations) immediately prior to or subsequent to a gaming machine drop. However, the time between readings may extend beyond one week in order for a reading to coincide with the end of an accounting period only if such extension is for no longer than six days. In-meter readings should be retained for at least five years.

(11) The employee who records the in-meter reading shall either be independent of the hard count team or shall be assigned on a rotating basis, unless the in-meter readings are randomly verified quarterly for all gaming machines and currency acceptors by someone other than the regular in-meter reader.

(12) Upon receipt of the meter reading summary, the accounting department shall review all meter readings for reasonableness using pre-established parameters.

(13) Prior to final preparation of statistical reports, meter readings which do not appear reasonable shall be reviewed with gaming machine department employees, and exceptions documented, so that meters can be repaired or clerical errors in the recording of meter readings can be corrected.

(14) A report shall be produced at least monthly showing month-to-date, year-to-date, and if practicable, life-to-date actual hold percentage computations for individual machines and a comparison to each machine's theoretical hold percentage previously discussed.

(15) Each change to a gaming machine's theoretical hold percentage, including progressive percentage contributions, shall result in that machine being treated as a new machine in the statistical reports (i.e., not commingling various hold percentages).

(16) If promotional payouts and awards are included on the gaming machine statistical reports, it shall be in a manner which prevents distorting the actual hold percentages of the affected machines.

(17) A report shall be produced at least monthly showing year-to-date combined gaming machine performance, by denomination. The report shall include the following for each denomination:

- (i) Floor par;
- (ii) Combined actual hold percentage;
- (iii) Percentage variance; and
- (iv) Projected dollar variance (i.e., coin-in times the percentage variance).

(18) The statistical reports shall be reviewed by both gaming machine department management and management employees independent of the gaming machine department on at least a monthly basis.

(19) Large variances between theoretical hold and actual hold shall be investigated and resolved with the findings documented in a timely manner.

(20) For purposes of analyzing large variances between actual hold and theoretical hold percentages, information to create floor par reports by machine type shall be maintained.

(21) Maintenance of the computerized gaming machine monitoring system data files shall be performed by a department independent of the gaming machine department. Alternatively, maintenance may be performed by gaming machine supervisory employees if sufficient documentation is generated and it is randomly verified on a monthly basis by employees independent of the gaming machine department.

(22) Updates to the computerized gaming machine monitoring system to reflect additions, deletions, or movements of gaming machines shall be made at least weekly prior to in-meter readings and the weigh process.

(m) Gaming machine hopper contents standards.

(1) When machines are temporarily removed from the floor, gaming machine drop and hopper contents shall be protected to preclude the misappropriation of stored funds.

(2) When machines are permanently removed from the floor, the gaming machine drop and hopper contents shall be counted and recorded by at least two employees with appropriate documentation being routed to the accounting department for proper recording and accounting for initial hopper loads.

(n) Gaming machine drop keys standards.

(1) The physical custody of the keys needed to access gaming machine coin drop cabinets, including duplicates,

shall require the involvement of two persons, one of whom is independent of the gaming machine department.

(2) Gaming machine coin drop cabinet keys, including duplicates, shall be maintained by a department independent of the gaming machine department.

(3) Two employees (separate from key custodian) shall be required to accompany such keys while checked out and observe each time gaming machine drop cabinets are accessed, unless surveillance is notified each time keys are checked out and surveillance observes the person throughout the period the keys are checked out.

(o) Currency acceptor key control standards. (1) Tier A gaming operations shall not be subject to the requirements of this paragraph (o), provided that the gaming operation develops and complies with procedures that maintain adequate key control and restricts access to the keys.

(2) The physical custody of the keys needed for accessing stored full currency acceptor drop box contents shall require involvement of persons from two separate departments, with the exception of the count team.

(3) Only the employees authorized to remove the currency acceptor drop boxes shall be allowed access to the release keys. For situations that require access to the currency acceptor drop box at other than scheduled drop time, the date, time, and signature of employee signing out/in the release key must be documented. The currency acceptor drop box release keys are separately keyed from the currency acceptor contents keys.

(4) The count team members may have access to the release keys during the count only in order to reset the drop boxes if necessary.

(5) Employees authorized to drop the currency acceptor drop boxes shall be precluded from having access to drop box contents keys.

(6) Someone independent of the gaming machine department shall be required to accompany currency acceptor drop box storage rack keys and observe each time drop boxes are removed from or placed in storage racks.

(7) Employees authorized to obtain drop box storage rack keys shall be

precluded from having access to drop box contents keys (with the exception of the count team).

(8) Access to the currency acceptor contents key at other than scheduled count times shall require the involvement of at least three employees from separate departments, including management. The reason for access shall be documented with the signatures of all participants and observers. Only the count team members shall be allowed access to drop box contents.

(9) At least three count team members shall be required to be present at the time currency acceptor count room keys and other count keys are issued for the count.

(10) Duplicate keys shall be maintained in such a manner as to provide the same degree of control over drop boxes as is required for the original keys. Records shall be maintained for each key duplicated which indicate the number of keys made and destroyed.

(p) Player tracking standards. (1) The player tracking system shall be secured so as to prevent unauthorized access (e.g., changing passwords at least quarterly and physical access to computer hardware, etc.).

(2) The addition of points to members' accounts other than through actual gaming machine play shall be sufficiently documented (including substantiation of reasons for increases) and shall be authorized by a department independent of the player tracking and gaming machines. Alternatively, addition of points to members' accounts may be authorized by gaming machine supervisory employees if sufficient documentation is generated and it is randomly verified by employees independent of the gaming machine department on a quarterly basis.

(3) Booth employees who redeem points for members shall not have access to lost cards.

(4) Changes to the player tracking system parameters, such as point structures and employee access, shall be performed by supervisory employees independent of the gaming machine department. Alternatively, changes to player tracking system parameters may be performed by gaming machine

supervisory employees if sufficient documentation is generated and it is randomly verified by supervisory employees independent of the gaming machine department on a monthly basis.

(5) All other changes to the player tracking system shall be appropriately documented.

(q) Progressive gaming machines standards. (1) A meter that shows the amount of the progressive jackpot shall be conspicuously displayed at or near the machines to which the jackpot applies. This standard does not apply to wide area progressive machines.

(i) At least once each day, each gaming operation shall record the amount shown on each progressive jackpot meter at the licensee's establishment except for those jackpots that can be paid directly from the machine's hopper;

(ii) Explanations for meter reading decreases shall be maintained with the progressive meter reading sheets, and where the payment of a jackpot is the explanation for a decrease, the gaming operation shall record the jackpot payout number on the sheet or have the number reasonably available; and

(iii) Each gaming operation shall record the base amount of each progressive jackpot the licensee offers.

(2) The wide area progressive gaming machines system shall be adequately restricted to prevent unauthorized access (e.g., changing passwords at least quarterly, restrict access to EPROMs, and restrict physical access to computer hardware, etc.).

(3) For the wide area progressive system, procedures shall be developed, implemented, and documented for:

(i) Reconciliation of meters and jackpot payouts;

(ii) Collection/drop of gaming machine funds;

(iii) Jackpot verification and payment and billing to gaming operations on pro-rata basis;

(iv) System maintenance;

(v) System accuracy; and

(vi) System security.

(4) Reports adequately documenting the procedures required in paragraph (q) (3) of this section shall be generated and retained.

(r) Gaming machine accounting/auditing procedures standards. (1) Gaming machine accounting/auditing procedures shall be performed by employees who are independent of the transactions being reviewed.

(2) For computerized player tracking systems, an accounting/auditing employee shall perform the following procedures at least one day per month:

(i) Foot all jackpot and fill slips and trace totals to those produced by the system;

(ii) Review all slips written (from the restricted copy) for continuous sequencing;

(iii) Foot all points-redeemed documentation and trace to the system-generated totals; and

(iv) Review all points-redeemed documentation for propriety.

(3) For computerized gaming machine monitoring systems, procedures shall be performed at least monthly to verify that the system is transmitting and receiving data from the gaming machines properly and to verify the continuing accuracy of the coin-in meter readings as recorded in the gaming machine statistical report.

(4) For weigh scale interface systems, for at least one drop period per month accounting/auditing employees shall compare the weigh tape to the system-generated weigh, as recorded in the gaming machine statistical report, in total. Discrepancies shall be resolved prior to generation/distribution of gaming machine reports.

(5) For each drop period, accounting/auditing personnel shall compare the "coin-to-drop" meter reading to the actual drop amount. Discrepancies should be resolved prior to generation/distribution of slot statistical reports.

(6) Follow-up shall be performed for any one machine having an unresolved variance between actual drop and coin-to-drop meter reading in excess of 3%. The follow-up performed and results of the investigation shall be documented and maintained.

(7) At least weekly, accounting/auditing employees shall compare the bill-in meter reading to the total currency acceptor drop amount for the week. Discrepancies shall be resolved prior to the generation/distribution of gaming machine statistical reports.

(8) Follow-up shall be performed for any one machine having an unresolved variance between actual drop and bill-in meter reading in excess of 3%. The follow-up performed and results of the investigation shall be documented and maintained.

(9) At least annually, accounting/auditing personnel shall randomly verify that EPROM changes are properly reflected in the gaming machine analysis reports.

(10) Accounting/auditing employees shall review exception reports for all computerized gaming machine systems on a daily basis for propriety of transactions and unusual occurrences.

(11) All gaming machine auditing procedures and any follow-up performed shall be documented and maintained for inspection.

(s) For all computerized gaming machine systems, a personnel access listing shall be maintained which includes at a minimum:

- (1) Employee name;
- (2) Employee identification number (or equivalent); and
- (3) Listing of functions employee can perform or equivalent means of identifying same.

(t) For any computer applications utilized, alternate documentation and/or procedures which provide at least the level of control described by the standards in this section will be acceptable.

(u) For gaming machines that accept coins or currency and issue cash-out tickets, the following standards shall apply:

(1) In addition to the applicable accounting and auditing standards in paragraph (r) of this section, on a quarterly basis, the gaming operation shall foot all jackpot cash-out tickets and trace totals to those produced by the system.

(2) The customer may request a cash-out ticket from the gaming machine which reflects all remaining credits. The cash-out ticket shall be printed at the gaming machine by an internal document printer.

(3) The customer shall redeem the cash-out ticket at a change booth or cashiers' cage. Once presented for redemption, the cashier shall:

(i) Scan the bar code via an optical reader or its equivalent; or

(ii) Input the cash-out ticket validation number into the computer.

(4) The information contained in paragraph (u)(3) of this section shall be transmitted to the host computer. The host computer shall verify the authenticity of the cash-out ticket and communicate directly to the change booth or cashier cage terminal.

(5) If valid, the cashier pays the customer the appropriate amount and the cash-out ticket is electronically noted "paid" in the system. The "paid" cash-out ticket shall remain in the cashiers' bank for reconciliation purposes.

(6) If invalid, the host computer shall notify the cashier that one of the following conditions exists:

(i) Serial number cannot be found on file (stale date, forgery, etc.);

(ii) Cash-out ticket has already been paid; or

(iii) Amount of cash-out ticket differs from amount on file. The cashier shall refuse payment to the customer and notify a supervisor of the invalid condition. The supervisor shall resolve the dispute.

(7) If the coinless/cashless gaming machine system temporarily goes down, cashiers may redeem cash-out tickets after recording the following:

(i) Serial number of the cash-out ticket;

(ii) Date;

(iii) Dollar amount; and

(iv) Issuing gaming machine number.

(8) Cash-out tickets shall be validated as expeditiously as possible when the coinless/cashless gaming machine system is restored.

(9) The gaming operation shall develop and implement procedures to control cash-out ticket paper which shall include procedures which:

(i) Mitigate the risk of counterfeiting of cash-out ticket paper;

(ii) Adequately controls the inventory of the cash-out ticket paper; and

(iii) Provide for the destruction of all unused cash-out ticket paper.

(10) If the coinless/cashless gaming machine system is down for more than four hours, the gaming operation shall promptly notify the tribal council or its designated representative.

(11) These gaming machine systems shall comply with all other standards (as applicable) in this section including:

(i) Standards for currency acceptor drop and count;

(ii) Standards for coin drop and count; and

(iii) Standards concerning EPROMS.

(v) If the gaming machine does not accept currency or coin and does not return currency or coin, the following standard shall apply:

(1) Equipment. (i) A central computer, with supporting hardware and software, to coordinate network activities, provide system interface, and store and manage a player/account database;

(ii) A network of contiguous player terminals with touch-screen or button-controlled video monitors connected to an electronic selection device and the central computer via a communications network;

(iii) One or more electronic selection devices, utilizing random number generators, each of which selects any combination or combinations of numbers, colors and/or symbols for a network of player terminals.

(2) Player terminals standards. (i) The player terminals are connected to a game server;

(ii) The game server shall generate and transmit to the bank of player terminals a set of random numbers, colors and/or symbols at regular intervals. The subsequent game results are determined at the player terminal and the resulting information is transmitted to the account server;

(iii) The game servers shall be housed in a game server room or secure locked cabinet off the casino floor.

(3) Patron account maintenance standards. (i) A central computer acting as an account server shall provide customer account maintenance and the deposit/withdrawal function of those account balances;

(ii) Patrons may access their accounts on the computer system by means of a Player Identification Card at the player terminal. Each player terminal may be equipped with a card reader and PIN (personal identification number) pad or touch screen array for this purpose;

(iii) All communications between the player terminal and the account server shall be encrypted for security reasons.

(4) Patron account generation standards. (i) A computer file for each patron shall be prepared by a clerk, with no incompatible functions, prior to the patron being issued a PIN card to be utilized for machine play. The patron shall select his/her four digit PIN, known only to the patron, to be used in conjunction with the PIN Card;

(ii) The clerk shall sign-on with a unique password to a terminal equipped with peripherals required to input data from the Patron Registration form. Passwords are issued and can only be changed by MIS personnel at the discretion of the department director;

(iii) After entering a specified number of incorrect PIN entries at the cage or player terminal, the patron shall be directed to proceed to the Gaming Machine Information Center to obtain a new PIN. If a patron forgets, misplaces or requests a change to their four digit PIN, the patron shall proceed to the Gaming Machine Information Center.

(5) Deposit of credits standards. (i) The cashier shall sign-on with a unique password to a cashier terminal equipped with peripherals required to complete the credit transactions. Passwords are issued and can only be changed by MIS personnel at the discretion of the department director;

(ii) The patron shall present cash, chips, coin or coupons along with their PIN Card to a cashier to deposit credits;

(iii) The cashier shall complete the transaction by utilizing a card scanner which the cashier shall slide the patron's PIN card through;

(iv) The cashier shall accept the funds from the patron and enter the appropriate amount on the cashier terminal;

(v) A multi-part deposit slip shall be generated by the point of sale receipt printer. The cashier shall direct the patron to sign two copies of the deposit slip receipt. The original of the signed deposit slip shall be given to the patron. The first copy of the signed deposit slip shall be secured in the cashier's cash drawer;

(vi) The cashier shall verify the patron's balance before completing the transaction. The cashier shall secure the funds in their cash drawer and return the PIN card to the patron.

(6) Prize standards. (i) Winners at the gaming machines may receive cash, prizes redeemable for cash or merchandise, at the discretion of the gaming operation;

(ii) If merchandise prizes are to be awarded, the specific type of prize or prizes which may be won shall be disclosed to the player before the game begins;

(iii) The patron shall maintain his/her PIN Card for an indefinite period of time. Patrons shall not be required to redeem the balance in their account immediately or at the end of their gaming trip which creates a liability to the patron from the gaming operation.

(7) Payoff odds standards. (i) Payoff odds shall be determined by the gaming operation and approved by the tribe or tribal gaming commission;

(ii) The gaming operation shall submit the pay rate, pay tables, seed amounts (if applicable), machine entry procedures and authorizations, the attendant jackpot payout key control procedures, and machine entry key control procedures to the tribe or the tribe's independent regulatory body.

(8) The gaming operation shall determine the minimum and maximum wagers. The amounts of such wagers shall be conspicuously posted on a sign or displayed on a designated screen of the player terminal.

(9) Jackpot payout procedures. (i) When any progressive jackpot or a payout of \$1,200.00 or more is won, the player terminal shall lock-up preventing further play.

(ii) The player terminal shall indicate by light and sound that a jackpot has been won.

(iii) An attendant shall go to the player terminal and obtain suitable identification such as a driver's license.

(iv) An attendant shall complete the machine payout form for all winning jackpots of \$1,200.00 or more. The form shall include, at a minimum, the following information:

- (A) Game number and type;
- (B) Bank location;

(C) Account number of the player;

(D) Name of the player;

(E) Terminal number the jackpot was won at;

(F) Date, time, and shift;

(G) Amount won;

(H) Amount wagered;

(I) Signature and badge number of the attendant verifying surveillance was notified for jackpot winning of \$5,000 or greater for a single game; and

(J) Signature and badge number of attendant attesting to reactivation of the terminal.

(v) The attendant shall reactivate the machine upon completion of the appropriate paperwork.

(10) The patron shall present their PIN Card to a cashier to withdraw their credits. The cashier shall perform the following:

(i) Scan the PIN Card;

(ii) Request the patron to enter their PIN;

(iii) The cashier shall ascertain the amount the patron wishes to withdraw and enter the amount into the computer;

(iv) A multi-part withdrawal slip shall be generated by the point of sale receipt printer. The cashier shall direct the patron to sign the original and one copy of the withdrawal slip;

(v) The cashier shall verify that the PIN card and the patron match by:

(A) Comparing the patron to image on the computer screen of patron's picture ID; or

(B) Comparing the patron signature on the withdrawal slip to signature on the computer screen.

(vi) The cashier shall verify the patron's balance before completing the transaction. The cashier shall pay the patron the appropriate amount, issue the patron the original withdrawal slip and return the PIN card to the patron;

(vii) The first copy of the withdrawal slip shall be placed in the cash drawer. All account transactions shall be accurately tracked by the account server computer system. The first copy of the withdrawal slip shall be forwarded to the accounting at the end of the gaming day;

(viii) In the event the imaging function is temporarily disabled, patrons shall be required to provide positive ID

for cash withdrawal transactions at the cashier stations.

§ 542.13 What are the minimum internal control standards for cage and credit?

(a) The following standards shall apply if the gaming operation authorizes and extends credit to patrons:

(1) At least the following information shall be recorded for patrons who have credit limits or are issued credit (excluding personal checks, payroll checks, cashier's checks and traveler's checks):

- (i) Patron's name, current address, and signature;
- (ii) Identification verifications;
- (iii) Authorized credit limit;
- (iv) Documentation of authorization by an individual designated by management to approve credit limits; and
- (v) Credit issuances and payments.

(2) Prior to extending credit, the patron's gaming operation credit record and/or other documentation shall be examined to determine the following:

- (i) Properly authorized credit limit;
- (ii) Whether remaining credit is sufficient to cover the credit issuance; and
- (iii) Identity of the patron (except for known patrons).

(3) Credit extensions over a specified dollar amount shall be approved by personnel designated by management.

(4) Proper approval of credit extensions over 10 percent of the previously established limit shall be documented.

(5) The job functions of credit approval (i.e., establishing the patron's credit worthiness) and credit extension (i.e., advancing patron's credit) shall be segregated for credit extensions to a single patron of \$10,000 or more per day (applies whether the credit is extended in the pit or the cage).

(6) If cage credit is extended to a single patron in an amount exceeding \$2,500, applicable gaming personnel shall be notified on a timely basis of the patrons playing on cage credit, the applicable amount of credit issued, and the available balance.

(7) Cage marker forms shall be at least two parts (the original marker and a payment slip), prenumbered by the printer or concurrently numbered by the computerized system, and utilized in numerical sequence.

(8) The completed original cage marker shall contain at least the following information: marker number, player's name and signature, and amount of credit issued (both alpha and numeric).

(9) The completed payment slip shall include the same marker number as the original, date and time of payment, amount of payment, nature of settlement (cash, chips, etc.), and signature of cashier receiving the payment.

(10) If personal checks, cashier's checks, or payroll checks are cashed the Tribe shall implement appropriate controls for purpose of security and integrity. The Tribe shall establish and comply with procedures for collecting and recording checks returned to the gaming operation after deposit which include re-deposit procedures. These procedures shall provide for notification of cage/credit departments and custodianship of returned checks.

(11) Counter checks shall comply with the requirements of paragraph (a) (10) of this section.

(12) When counter checks are issued, the following shall be included on the check:

- (i) The patron's name and signature;
- (ii) The dollar amount of the counter check (both alpha and numeric);
- (iii) Date of issuance; and
- (iv) Signature or initials of the individual approving the counter check transaction.

(13) When travelers checks or other guaranteed drafts such as cashier's checks are presented, the cashier shall comply with the examination and documentation procedures as required by the Tribe.

(b) Payment standards. (1) All payments received on outstanding credit instruments shall be permanently recorded in the gaming operation's records.

(2) When partial payments are made on credit instruments, they shall be evidenced by a multi-part receipt (or another equivalent document) which contains:

- (i) The same preprinted number on all copies;
- (ii) Patron's name;
- (iii) Date of payment;
- (iv) Dollar amount of payment (or remaining balance if a new marker is